

SENATE BILL No. 403

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-13-9-2.5.

Synopsis: Local use of money market mutual funds. Allows a municipal corporation or a special taxing district to invest in money market mutual funds. Restricts the investment of public funds to an investment fund that has a portfolio limited to obligations of the federal government or fully collateralized repurchase agreements backed by the direct obligation of the federal government. Requires the mutual fund to have a rating of AAAm from Standard and Poor's or Aaa from Moody's Investors Service.

Effective: July 1, 1999.

Merritt

January 11, 1999, read first time and referred to Committee on Governmental and Regulatory Affairs.



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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 403

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-13-9-2.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1999]: **Sec. 2.5. (a) An officer designated in section 1 of this**
4 **chapter may invest or reinvest any funds that are held by the**
5 **officer and available for investment in investments commonly**
6 **known as money market mutual funds that are in the form of**
7 **securities of or interests in an open-end, no-load, management-type**
8 **investment company or investment trust registered under the**
9 **provisions of the Investment Company Act of 1940, as amended (15**
10 **U.S.C. 80a et seq.).**

11 **(b) The portfolio of an investment company or investment trust**
12 **described in subsection (a) must be limited to the following:**

- 13 **(1) Direct obligations of the United States.**
14 **(2) Obligations issued by any of the following:**
15 **(A) A federal agency.**
16 **(B) A federal instrumentality.**
17 **(C) A federal government sponsored enterprise.**



1 **(3) Repurchase agreements fully collateralized by obligations**
2 **described in subdivision (1) or (2).**

3 **(c) The form of securities of or interests in an investment**
4 **company or investment trust described in subsection (a) must be**
5 **rated as one (1) of the following:**

6 **(1) AAAm, or its equivalent, by Standard and Poor's**
7 **Corporation or its successor.**

8 **(2) Aaa, or its equivalent, by Moody's Investors Service, Inc.**
9 **or its successor.**

10 **(d) The form of securities in an investment company or**
11 **investment trust described in subsection (a) is considered to have**
12 **a stated final maturity of one (1) day.**

13 **(e) The state board of accounts may rely on transaction**
14 **confirmations evidencing ownership of the form of securities of or**
15 **interests in an investment company or investment trust described**
16 **in subsection (a).**

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